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PROGRAMME PLANNING

Country and intercountry programmes and projects

FIFTH COUNTRY PROGRAMME FOR ARGENTINA

Programme period	Resources	$
1992-1996	IPF	11 090 000
	Estimated cost-sharing	85 000 000
	Total	96 090 000

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I. CURRENT SITUATION AND DEVELOPMENT OBJECTIVES AND STRATEGIES

A. Current situation and socio-economic trends

1. Since the 1970s and, in particular, since the external debt crisis began, Argentina has found it very difficult to return to the path of growth which it had been on earlier. In 1990 the GDP was the same as in 1964 and lower than the figures for every year since 1965. GDP declined by 24 per cent during the 1980s, the sharpest drop among the countries of Latin America.

2. This prolonged stagnation is related to the decline in public and private investment. For a number of years, the level of investment has barely exceeded one half of 20-22 per cent of GDP, a figure which prevailed for many five-year periods and which fell to an average of 11.1 per cent during the period 1985-1989. Public investment declined to such an extent that some sectors have experienced net negative investment. In addition, while major electric energy plants have continued in operation, running for longer periods with reduced annual expenditures, there has been a decline in the financial resources needed to maintain infrastructure as well as hospital equipment, universities and secondary education centres, and to deal with environmental problems. The decline in investment in private industry has caused production equipment to become technically obsolete.

3. The external debt problem, which first developed during the 1970s, began severely to undermine public financing during the early 1980s, and proved to be a major drain on budgetary resources. This crisis has restricted the scope of use of these resources, particularly for public investment, and has imposed very severe constraints on economic policy in general and on economic policy as it applies to the public sector in particular. The tax system did not respond adequately, with the result that since the early 1980s Argentina has faced a chronic budget deficit. The deficit has paralysed the public investment process, spurred inflation, which at times has been very severe, has discouraged medium- and long-term private investment, and has significantly undermined the state apparatus, causing administrative disarray and resulting in a loss of efficiency.

4. The low level of investment, increased external and domestic indebtedness, capital flight and high and sustained inflation were the most prevalent features of the country's economy during the 1980s. The crisis has manifested itself not only in a decline in gross domestic product, but also in a significant shift in its components, as the tertiary sector has come to dominate the economy at the expense of the productive sectors. Argentina also has become more isolated from the rest of the world, a factor which has resulted, inter alia, in a severe technological regression.

5. This situation has had a profound impact on society. After a long period of decline, the living conditions of broad sectors of the population have deteriorated sharply. The 1980 census data showed that the basic needs of an estimated 22.3 per cent of households - which account for 27.7 per cent of the total population - were going unmet. Still, poverty is not a new phenomenon

in Argentina: even during periods of growth the country has experienced social emergencies. In the early 1970s, much of the population lived in overcrowded conditions (31 per cent), in poorly built dwellings, with no water supply or sanitation services, and suffered from Chagas' disease (the infection rate was 11 per cent in areas where the disease is endemic), and primary school dropout rates were high.

6. The recession also resulted in a decline in the demand for labour, and both open unemployment and underemployment have risen substantially since the mid-1980s. Between 1984 and 1990 open unemployment rose from 4.6 per cent to 8.6 per cent and underemployment rose from 5.9 per cent to 8.7 per cent. During 1974-1991 the total income share of the poorest 40 per cent of the working population declined from 20 per cent to 15.7 per cent, while the wealthiest 20 per cent of the population saw its income share increase from 41.7 per cent to slightly more than 50 per cent.

7. As the 1990s began, a number of components of the global human development index, including education and health levels, opportunities for work and equitable distribution, deteriorated even further. Discrepancies widened between segments of the workforce, between regions and provinces and between units of production depending on size and sector. In 1970 Argentina ranked 24th on the world human development index, whereas in 1990 it was in 43rd place.

8. The prolonged economic crisis has had a particularly severe impact on women. The composition of the workforce changed as the number of unemployed heads of household increased and as more women joined the workforce, particularly in unprotected occupations. The income of women continued to be below that of men. The mortality rate among women from preventable conditions (including abortion) increased. Although illiteracy rates have declined, they are still high, particularly among adult women in urban areas.

B. National development objectives and strategies

9. In order to confront these problems, the Argentine Government has adopted economic policy measures with a view to introducing more far-reaching adjustments and accelerating the privatization process; it has elaborated a monetary policy based on the convertibility of the austral in relation to the dollar at a level established by law, and it has adopted tax collection measures and, more recently, measures to deregulate the economy. Beginning with the second quarter of 1991, the inflation rate decreased to monthly levels not exceeding 2 per cent, and there are signs of a recovery in some productive sectors, which should have an impact on the level of employment.

10. During the 1990s the Government hopes to achieve a rate of sustained economic growth that will result in as full employment as possible and accomplish the following objectives:

- Stabilize the economy by eliminating inflationary taxes to finance the State, and increase the purchasing power of wages and salaries;

- Revitalize production and commerce and increase employment;

- Implement the structural reform of the State and of market operations, in order to foster stability and facilitate sustained growth fuelled by increased investment.

11. The Government's economic policy - which assigns the private sector a more important role and aims at increasing Argentina's participation in the international arena - is based on a combination of measures comprising a strategy for action. This strategy calls for a balanced budget, to be achieved by increasing income and reducing expenditures; opening the country up to international trade, with special emphasis on the establishment of the Mercado Común del Cono Sur (MERCOSUR); and transforming the financial system and the capital market, which together can contribute to the reorientation of the productive sector, increased competitiveness abroad and at home, and a more ambitious privatization programme.

12. The programme will be implemented within the framework of a sustained deregulation and debureaucratization effort. The Government is endeavouring to reduce the State's role in the restoration of normal economic activity and provision of social services. This deregulation process will have the immediate effect of allowing markets enhanced flexibility for action.

13. Within this framework of structural and stabilization reforms, the Government will place special emphasis on protecting those social groups which have been most adversely affected by inflation and recession in the past: the poor, the unemployed and low-income mothers and children.

14. The Government also will focus attention on a vital issue, namely, the need to introduce changes in the Argentine educational system, bearing in mind that the rationalization of the State and the changes under way to modify the country's productive structure require, as a matter of priority, the sustained impetus of a new approach to education.

II. INTERNATIONAL COOPERATION

A. Priorities for international cooperation

15. When the Government came to power in July 1989, it underscored the need to make optimum use of the human and economic resources flowing from international cooperation, bearing in mind not only the continuing decline in such resources but also the results obtained in the past.

16. Broad project selection priorities have been established within the framework of the national development strategy. These focus on improving the efficiency of the State and management of the public sector; privatization and

deregulation; improving living conditions; computer science and communications; the restructuring of production; the environment; and the integration of Argentina with the rest of the world.

17. The Government has renegotiated the terms of bilateral cooperation in order to encourage an influx of highly trained human resources not available in the country and to facilitate the application of advanced technologies. The principal donors include Spain, Italy, Germany, Japan, Sweden, France, the European Economic Community (EEC) and the United States of America.

18. The external cooperation most prevalent in recent years (from multilateral and bilateral sources and NGOs) has been of three types: (a) aid unrelated to investment, (b) investment-related aid and (c) projects calling for direct investment. UNDP data indicate that during 1989-1990 Argentina received external assistance amounting to $89,279,000.

19. During that period, cooperation channelled through organizations of the United Nations system represented 41 per cent ($36,439,000) of the total assistance received, of which UNDP administered 85 per cent, or $30,989,396. Twelve per cent of the total corresponded to IPF resources and the remaining 88 per cent was in the form of cost-sharing by the Government (from the national budget, multilateral development banks and other sources). External bilateral aid increased to 59 per cent.

B. Coordination of technical cooperation

20. The Ministry of Foreign Affairs and Worship, through its Secretariat for International Economic Relations in the Directorate-General for Cooperation, is responsible for the administration and management of international technical cooperation, and is the national entity charged with liaison and coordination with respect to UNDP assistance in all matters relating to project formulation, approval and monitoring.

21. The Directorate-General for Cooperation has set the national system for international cooperation in motion in order to ensure the participation of all those involved at the sectoral, provincial and academic levels. Accordingly, the respective focal points have been identified and dissemination and training activities have begun in the interior of the country.

22. The coordination responsibilities of the Directorate-General for Cooperation require its active participation in the various phases of preparation, negotiation and management control of bilateral and multilateral cooperation programmes.

23. UNDP provided assistance under the fourth country programme through project ARG/89/014 on the institutionalization and strengthening of the national system for international cooperation, the objective of which is to enhance national capacity in this field.

III. FIFTH UNDP COOPERATION CYCLE

A. Assessment of the fourth programme

24. Implementation of the fourth programme (1987-1991) spanned the tenure of two constitutional Governments: one completed its term of office (1983-1989) and the other began its tenure (1989-1995). The objectives of the programme were to: (a) improve the management capacity of the public sector ($46,890,000, representing 39 per cent), (b) promote technological development ($34,068,000, or 28 per cent), (c) deal with the social emergency ($23,878,000, or 20 per cent), (d) promote economic growth ($11,255,000, or 9 per cent) and (e) strengthen technical cooperation among developing countries ($5,440,000, or 4 per cent).

25. To achieve these objectives the programme benefited from indicative planning figure (IPF) resources of $11,215,000 as well as government resources and funds from the World Bank, the Inter-American Development Bank (IDB) and other sources totalling $110,316,000. These resources were used to finance a total of 150 projects and 5 management services agreements.

26. Argentina was responsible for implementing 85 per cent of the programme projects and the remaining 15 per cent were implemented by agencies of the United Nations system. Some of these agencies - including the United Nations Industrial Development Organization (UNIDO), the United Nations Children's Fund (UNICEF), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the World Health Organization/Pan American Health Organization (WHO/PAHO) and the Office for Project Services (OPS) - served as associate cooperating agencies.

27. The following significant results were among those achieved during the fourth cycle.

28. Management development activities in the public sector led to the establishment of a large computer network within the Ministry of Foreign Affairs and the training of over 500 diplomats and officials. In addition, an Office for Coordination of External Financing was established within the Ministry of the Economy, making it possible to rationalize international loan management, increase total disbursements from $1,918,000 in 1985 to $3,199,000 in 1988, and prepare loan applications amounting to $1,007,000. A project was also launched with resources from the UNDP Management Development Programme (MDP) to assist with the selection of 1,500 critical jobs for inclusion in the national job register, and with the training of management personnel in the central Government.

29. Technological development projects made it possible to consolidate the research and development programme of the Bahia Blanca Petrochemical Complex, which is a Latin American model for cooperation between the entrepreneurial sector and technological support systems. In this same area, the nuclear engineering career project at the Balseiro Institute was consolidated, and 106 nuclear scientists of various nationalities have been graduated during the

past nine years. Assistance provided to the National Airworthiness Office resulted in the signing of a bilateral agreement with the United States Federal Aviation Administration on the certification of airplanes, helicopters and spare parts.

30. Among the activities undertaken to deal with the social emergency, the Housing Secretariat received assistance to implement a global urban development programme financed by IDB and a programme to develop infrastructure and shared equipment projects for small towns financed by the World Bank. Special mention should be made of the programme for small producers in northern Argentina, which facilitated the preparation of a loan request for $22 million to be co-financed by the International Fund for Agricultural Development (IFAD) and IDB for the benefit of 4,800 families of farmers on small farms.

31. In the field of economic growth and productivity, the Secretariat of Agriculture received assistance to formulate programmes financed by the World Bank and IDB, as a result of which a $300 million loan was secured for the agricultural sector.

32. As to technical cooperation among developing countries (TCDC), efforts focused primarily on supporting information exchanges with and the transfer of technology to other countries in Latin America and the Caribbean, Africa and Asia. The support provided to the Ministry of Foreign Affairs to lay the groundwork for bilateral negotiations with Brazil has been particularly valuable.

33. The modality of national execution introduced during the third cycle and developed further during the fourth programme has proved to be an appropriate instrument for ensuring greater involvement on the part of the national authorities in the implementation phase of technical cooperation. Nevertheless, in order to ensure that the management, technical and administrative responsibilities inherent in this execution modality are fully assumed by the State, such instruments must be further refined by strengthening the structures responsible for these functions.

34. It should also be noted that the fourth programme had only a partial impact in terms of institutional strengthening and the real transfer of knowledge, given the increasing disarray that has hampered the Government and the crisis in the public sector. Successive changes in authority in some areas, together with the resulting lack of continuity in national advisory teams, are additional factors which contributed to this situation.

35. Various UNDP external reviews have revealed a relative lack of rigorousness in the technical follow-up and monitoring of a number of projects during the fourth cycle.

36. Finally, the Government found it difficult effectively to utilize inputs from cost-sharing, a situation which at times was aggravated by inflation. The situation improved slowly during 1990 and returned to normal in 1991.

37. In the light of these conclusions, machinery, procedures and modalities were introduced by the end of the fourth cycle in order to rectify the problems encountered and make optimum use of UNDP cooperation during the period 1992-1996.

B. Programme for the fifth cycle

1. The preparation process

38. National priorities and strategic government programmes were taken into account in preparing the fifth programme. Consideration also was given to the programming guidelines and broad subject areas identified by the Governing Council of UNDP (decision 90/34), the review of the fourth cycle, and the views of UNDP and the other specialized agencies of the United Nations system on sectors in which they have a comparative advantage.

39. The recommendations contained in the advisory note of UNDP were borne in mind during the preparation of this programme.

2. Strategy for UNDP cooperation

40. The fifth programme will reaffirm international technical cooperation as an instrument for development and a foreign policy tool that is in keeping with the Government's objectives. This cooperation will supplement national efforts but will not place an additional burden on the national budget.

41. The multilateral character and neutrality of UNDP, as well as the principles that guide it without setting conditions on its cooperation with recipients, will serve as a catalyst in support of national development priorities. The following criteria will be taken into account:

(a) The capacity of UNDP to access international sources of information and knowledge should be utilized in order to provide technical inputs of the highest quality, thereby supplementing the use of national human resources in support of strategy design and programme formulation in the various areas of concentration.

(b) The financial resources, capacity and flexibility of UNDP will be used to create a multiplier effect to attract support from other multilateral and bilateral sources. UNDP will help the Government implement the technical assistance components of loans from multilateral and bilateral financing institutions.

(c) Emphasis will be placed on UNDP's innovative methods of operation. These include the preparation of cooperation projects to be financed from other sources, the provision of "seed" money to secure loans from third-party donors, and the central administative and financial machinery which it uses to manage funds from multiple sources and to combine traditional types of projects with management services agreements, enabling it to provide goods as well as services.

42. Inasmuch as the financial requirements of the fifth programme exceed IPF resources, the Government will continue to work with UNDP to mobilize additional resources. However, given the inherently dynamic nature of the process of economic adjustment in Argentina, it is still considered too early to establish precise co-financing targets. The figures given for cost-sharing and the resources to be administered under management services agreements are purely indicative in nature.

Subject areas

43. The fifth programme will concentrate on the following areas:

(a) Support of economic growth,

(b) Strengthening of the management capacity of the State, and

(c) Formulation and implementation of policies and programmes to improve social conditions.

44. The Government also attaches considerable importance to matters concerning the environment, the participation of women in development and technical cooperation among developing countries. Accordingly, UNDP cooperation will focus on (a) the preservation of the environment and the environmental impact of the various projects; (b) the role of women in development, through the integration of women's concerns in the context of economic, cultural and social cooperation; and (c) horizontal cooperation, through South-South exchanges between Argentina and other developing countries of Latin America and the Caribbean, Asia, Africa and Eastern Europe.

Support of economic growth

45. National objectives: The Government intends to implement clear and transparent rules to provide appropriate incentives to sustained economic growth. Direct and indirect subsidies to the private sector have been drastically reduced or cancelled and many distortionary regulations have been eliminated under its policy of opening up the economy. This will require, among other measures, export promotion, investment promotion and support for the scientific and technological system and the universities, in order to increase Argentina's competitiveness and thus its entry into world markets, specifically within the framework of regional and subregional agreements.

46. UNDP cooperation: To facilitate the gradual attainment of these national objectives of economic growth and the country's entry in the international arena, UNDP will coordinate with other donors to provide technical cooperation to enhance activities in the following areas:

(a) Support of foreign trade promotion. This subprogramme, which was launched in 1991 under the fourth UNDP country programme, receives advice from the International Trade Centre. It will focus on rationalizing and modernizing the system for foreign trade promotion; training of personnel and

strengthening of the capacity to provide information on commercial trade itself; support of export activities; promotion of innovative organizational structures; orientation of trends in trade; and direct management of negotiations.

(b) Support of investment promotion. This subprogramme, which was launched in 1991 with support from UNIDO, will focus on facilitating initiatives in the private sector through the identification, formulation and evaluation of projects for which support will be sought abroad; support of the public and private sectors in the elaboration of measures to improve the investment climate in Argentina and promotion of such measures abroad; and enhancement of the investment promotion capacity of the country's overseas representatives.

(c) Support of regional and subregional integration processes. This subprogramme, which began during the fourth cycle, envisages various activities which are designed, inter alia, to promote the development of regional technical and financial assistance programmes; consolidate the process of regional and subregional integration with Brazil, Uruguay and Paraguay; promote integration and cooperation with other Latin American countries; foster the inclusion of technological development in global bilateral and multinational integration activities; and encourage the development of intraregional initiatives related to integration processes. To this end, the programme will facilitate access by small- and medium-sized businesses to negotiations which evolve from this process of association.

(d) Assistance to businesses, private entities and the public sector to enable them to introduce the organizational and management improvements essential to an open economy. This will include redefining relationships between the public sector and the productive sectors.

(e) Support of the technological system and the universities to enable them to meet the needs of the agricultural, industrial and services sectors, including requirements pertaining to technical and senior management training, specific technologies, rationalization of entities providing services, links between the universities and the productive sectors, regional promotion and academic modernization and research.

47. Programme results will be measured and evaluated periodically by gauging Argentina's entry into world markets in quantitative and qualitative terms and assessing the progress made by the private sector with respect to foreign trade and investment promotion. Assistance to businesses will be gauged by how competitive they have become and by their participation in the internationalization of production and services. Support of the scientific and technological system and the universities will be measured by gauging the development of technological innovations in the productive sector.

48. This area will be allocated 31 per cent of the total resources.

49. Additional cooperation to the country in this area will come through bilateral resources to be provided by the Governments of Spain, Italy and Germany, the European Economic Community (EEC), the United States and Japan. In addition, activities to improve the financial health of the Argentine provinces and promote their economic development will be financed by the World Bank and IDB.

Strengthening of the management capacity of the State

50. National objectives. The Government plans to implement structural reforms of the State which will redefine its role in Argentine society and ensure the efficient management of the public sector, thereby contributing to sustained economic growth, eradicating the deficit and inflation and facilitating more favourable conditions in which to take on the demands of the development process. This means that it will be necessary to reshape and readapt the state apparatus; eliminate the administrative bureaucracy and establish a hierarchy within the public service; decentralize and distribute functions more widely; strengthen the provincial governments and their local development policies; and continue to implement privatization and deregulation measures in the service sectors.

51. Cooperation with UNDP. UNDP will coordinate with other sources of cooperation, particularly the World Bank and IDB, to provide assistance and collaboration in order to enhance modernization efforts in the following areas:

(a) Support of governmental reorganization and improved management of the public sector. Specifically, activities of this component will help redefine the size and functions of the State through legal and administrative reforms of the country's public sector; encourage the establishment and/or implementation of machinery for coordination and effective, mutually beneficial cooperation between related government entities; promote and direct action to decentralize certain institutions, reallocating their functions more widely and possibly privatizing them; and continue efforts to establish a hierarchy within the public service and assess the social and technical components of government employment.

(b) Assistance to improve the management capacity of the provincial governments. This subprogramme will foster the development and strengthening of provincial government institutions so that they will be equipped properly to assume responsibility for decentralization policies and for the transfer of education, health and youth services; and will improve the capacity of social sector institutions of the provincial governments to identify, prioritize and implement regional and local development projects.

(c) Assistance to implement the public enterprise privatization programme. This will entail feasibility studies and market analyses, assistance with trade negotiations, an analysis of the impact on the workforce, establishment of a regulatory regime and the recycling of the workforce.

52. Programme results will be measured and evaluated periodically by gauging the quality of inputs with respect to the adoption and implementation of governmental reform measures and of measures to enhance public sector management; the extent to which provincial governments have benefited from assistance in organizational and public management matters and have discharged decentralized responsibilities in the fields of education, health and youth; the quantity and quality of regional and local development projects, in particular those dealing with the eradication of poverty, environment and the quality of life; and the actual contribution of the programme to the privatization of public enterprise and the recycling of the workforce.

53. The resources allocated to this area represent 25 per cent of the total.

54. Additional cooperation in this area will be funded primarily from World Bank resources under its programmes on public sector reform and public enterprises and its activities to improve the financial health of the Argentine provinces and promote their economic development, this last-mentioned effort with IDB co-financing. Bilateral resources from Spain, Italy and France also will be available.

Formulation and implementation of policies and programmes to improve social conditions

55. National objectives. The "social question" occupies a particularly important place in the Government's economic policy, in recognition of the impact of persistent, high inflation and instability on the most vulnerable population groups. In the short term, the economic recovery cannot be expected to have an immediate impact on society. Continuing stagnation has resulted in a sharp decline in family income, and this factor, together with the increase in unemployment and in the number of people in unregistered (unprotected) occupations and the deterioration of social services, has exacerbated the most alarming manifestations of extreme poverty.

56. Within the framework of its deregulation efforts, the Government has emphasized the importance of dealing with the financial problems confronting basic social services by establishing programmes to privatize them in whole or in part. Collection responsibilities pertaining to social security and union-sponsored social projects have been combined, and the pension system is undergoing structural reforms which contemplate its privatization. Responsibility for basic social services such as sanitation, health and education is being decentralized and turned over to the provincial authorities.

57. UNDP cooperation will include providing technical assistance for the preparation of needs assessments; identification of vulnerable groups, reviewing and analysing the impact of social programmes, and coordination of programmes with other United Nations bodies and non-governmental organizations. These activities will enhance local capacity to execute social projects and ensure that such projects do in fact help the people they are supposed to benefit.

58. UNDP will provide technical assistance to enable the Government to redefine its role in the modernization of its institutional structure and to secure the greatest return on social expenditures. This process will entail the transfer of certain state responsibilities to the potential beneficiaries of the policies. The new plan requires the development and elaboration of new ways to manage, administer and finance social policies. Similarly, because resources are scarce it is essential to ensure that these methods prove effective and inexpensive. UNDP will also provide support to permit non-governmental organizations and recipient organizations to play a major role in drafting policies at the local level, and will help to strengthen their management capacity.

59. The following areas have been singled out for UNDP cooperation:

(a) Labour market and income. The Government would like to bring about the recycling of the workforce so that manpower can be reallocated within and between sectors. UNDP will provide technical assistance through national training and retraining programmes for workers in the production and social sectors and will support programmes to generate employment and income, particularly for women and youth, who find it difficult to join the labour market. The cooperation of UNICEF and the International Labour Organisation (ILO) will be particularly useful in this regard.

(b) Health, education, housing and basic services. The Government has planned a series of actions to integrate the population in a profitable economy, and to improve maternal and child health conditions, education and access of the population to housing and to hospital and sanitation services. UNDP will provide technical backstopping for the programmes, coordinate its efforts with agencies of the United Nations system (UNICEF, ILO, UNESCO, PASB/PAHO, etc.) and lend support to non-governmental organizations. UNDP will endeavour to mobilize resources for the programmes from donors and financial institutions.

60. Programme results will be measured by the extent to which the low-income population has become more integrated into profitable economic activities or to which it has gained greater access to education, housing and basic health and sanitation services.

61. This area will be allocated 34 per cent of the resources.

62. Additional cooperation in this area will be provided from World Bank resources, under its maternal and child health programme, and from bilateral aid from Italy, particularly in the education sector. IDB is also expected to provide funds to finance a programme for very small productive enterprises.

C. Cooperation not included under subject areas listed

63. In view of the far-reaching reforms under way and of the possible need to satisfy as yet unforeseen requirements, the Government believes that the fifth

programme should be flexible enough to allow for such requirements. Accordingly, 10 per cent of the programme resources have been included in the form of an unprogrammed reserve.

D. Management of the fifth cycle

64. The following criteria will be applied to ensure the optimum execution and monitoring of the projects.

65. The projects will be viewed as processes designed to stimulate new activities to be carried out by national institutions, while underscoring the transitory nature of technical cooperation and emphasizing that self-sufficiency is the goal of all projects. Project content, design and duration will be conceived in such a way as to avoid both reliance on external cooperation and transitory or temporary structures.

66. The modality of national execution through the appropriate national institutions will continue to be used for medium-term activities in substantive areas. Consolidation of the ongoing administrative reform process undoubtedly will substantially enhance the contribution of such institutions in the form of financial and in-kind resources and the dedication of their front-line personnel. This in turn will strengthen the capacity of the Government gradually to assume all the managerial, technical and administrative functions inherent in this modality.

67. The specialized agencies of the United Nations system will be relied upon as cooperating agencies, particularly for the high-level technical components and inputs which preferably will come from outside the country.

68. The country's own capabilities will continue to be utilized, and the participation of international advisers will be sought in areas in which their assistance is required.

69. Projects will be adopted once prerequisites have been met and the minimum operating conditions have been established, in order to avoid delays and/or having projects start up with inadequate levels of activity. A serious effort will be made to ensure the effective use of cost-sharing resources in accordance with established payment schedules, so as to minimize the likelihood of having to reprogramme, interrupt or discontinue activities.

70. Because IPF resources are limited, project administrative costs will be kept to a minimum, and will to the extent possible be covered by government contributions in local currency.

71. The Government and UNDP will periodically review and monitor the programme's progress in order to evaluate the results obtained and assess the scope of specific objectives in each priority area. At the project level, the machinery for monitoring and evaluation, including external evaluation, will be utilized more fully. The specialized agencies of the United Nations system will assist with this exercise.

Annex I

FINANCIAL SUMMARY

I. ESTIMATED RESOURCES (IPF + cost-sharing) TAKEN INTO ACCOUNT FOR PROGRAMMING

	(Thousands of dollars)	
Fourth cycle IPF balance	1 635	
Fifth cycle IPF	9 455	
IPF subtotal		11 090
Government cost-sharing	60 000	
Third-party cost-sharing	25 000	
Programming cost-sharing	-	
Subtotal for cost-sharing		85 000
TOTAL		96 090

II. ALLOCATION OF RESOURCES (IPF + cost-sharing) BY AREA OF CONCENTRATION

Area of concentration	IPF	Cost-sharing	Total	Percentage of total
Support of economic growth	3 438	26 350	29 788	31
Strengthening of the management capacity of the State	3 105	23 800	26 905	28
Formulation and implementation of policies and programmes to improve social conditions	3 438	26 350	29 788	31
Subtotal	9 981	76 500	86 481	90
Unprogrammed reserve	1 109	8 500	9 609	10
TOTAL	11 090	85 000	96 090	100

III. ADDITIONAL ASSISTANCE FROM OTHER SOURCES

		(Thousands of dollars)
A.	Funds administered by UNDP	
	Funds from special programmes	2 900
	UNCDF	-
	UNSO	-
	UNIFEM	300
	UNRFNRE	1 000
	UNFSTD	300
	Subtotal	4 500
B.	Additional United Nations resources	
	Agencies participating in JCGP	
	UNFPA	500
	UNICEF	-
	WFP	-
	IFAD	1 000
	United Nations agencies not financed by UNDP	1 000
	Global Environment Facility	5 500
	Subtotal	8 000
	Total extrabudgetary funds and other United Nations resources	12 500
C.	Additional non-United Nations resources a/	46 000
	TOTAL	58 500

a/ Financing from management services agreements (MSA).

Annex II

PROGRAMME MATRIX

Area of concentration	Area of focus a/					
	Poverty eradication and grass-roots participation	Environment and natural resource management	Management development	TCDC	Transfer and adaptation of technology	WID
I. Support of economic growth						
Promotion of foreign trade		*	*	*	*	*
Promotion of investment		*	*	*	*	*
Regional and subregional integration		*	*	*	*	*
Introduction of organizational and management improvements in the public and private sectors			*	*	*	*
Support of the technological system and the universities		*		*	*	*
II. Strengthening of the management capacity of the State						
Governmental reorganization and improvement of management capacity of the public sector		*	*	*		*
Improvement of management capacity of the provincial governments	*	*	*	*		*
Support of the privatization programme		*	*	*		*
III. Formulation and implementation of policies and programmes to improve social conditions						
Labour market and income	*	*	*	*		*
Health, education, housing and basic services	*	*	*	*	*	*

a/ Entries in the table indicate only major relationships.

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PROGRAMME PLANNING

Country and intercountry programmes and projects

FIFTH COUNTRY PROGRAMME FOR ARGENTINA

Note by the Administrator

I. PREPARATORY PROCESS

1. The Government initiated formally the process of preparing the fifth country programme for Argentina by analysing the technical cooperation requirements for successfully implementing its priority programmes. In this exercise, the advisory note prepared by UNDP on the basis of its perception of the Government's development priorities, was considered of particular importance. In this context, General Assembly resolution 44/211 of 22 December 1989 and Governing Council decision 90/34 of 23 June 1990 were explicitly taken into account.

2. The conclusions and recommendations of the mid-term review and of the different in-depth project evaluations carried out during the fourth cycle, were also taken into consideration during the programming process. Furthermore, extensive consultations have taken place with the World Bank and the Inter-American Development Bank (IDB), as well as bilateral donors, to ensure coordination of efforts.

3. Inputs from United Nations agencies have also been requested during this preparatory process through consultations to allow for their experience in the execution of development programmes in their respective areas of competence to have a bearing on the fifth country programme and ensure adequate coordination.

4. Finally, as the coordinator of technical cooperation activities the General Direction for International Cooperation of the Ministry of Foreign Affairs jointly with UNDP carried out a series of discussions with the relevant sectoral authorities in order to identify the areas of UNDP cooperation.

II. ANALYTICAL COMMENTARY ON THE COUNTRY PROGRAMME

5. The main objective of the fifth country programme is to collaborate with and strengthen the Government in its capacity to formulate policies, strategies and programmes in those priority areas that will contribute to sustainable economic growth. This in turn should reverse the prolonged period of continuous economic decline, hyperinflation and foreign debt accumulation which has caused a decline in the country's performance against critical indicators, including the Human Development Index.

6. The strategy for UNDP's cooperation with Argentina is to complement and strengthen national capabilities through its capacity readily to provide specialized high-level technical inputs for the design and implementation of national strategies and programmes; its comparative advantage of neutrality and multilateralism; its mandate for capacity-building through the gradual application of national execution and its ability to provide support for the implementation of the Government's economic and social development programmes. Given the very limited IPF funds assigned to the country compared to its need for technical assistance, these resources will be used as "seed-money" for strategic support to national programmes in order to mobilize additional funds from other sources, and to maximize UNDP's substantive input.

7. Based on this strategy, the country programme focuses on the formulation and/or support to national programmes in the following three priority areas: (a) support to economic growth; (b) strengthening public sector management capacity; and, (c) formulation and implementation of policies and programmes towards the improvement of social conditions.

8. In the area of economic growth, the Government considers appropriate that UNDP cooperation be oriented to support its efforts in the fields of promotion of external trade and investments, as well as regional and subregional integration. Particular emphasis will be given to support for private enterprises and entities as well as the public sector in improving their organizational and management capacities and to strengthening the technological infrastructure and the universities. This should enable them to respond to the needs of the agricultural, industrial and service sectors in their quest for ensuring sustainable economic growth.

9. In the area of strengthening public sector management, it is also expected that UNDP will cooperate in the restructuring of the public sector through support to the ongoing administrative reform process both at the central and provincial levels. Special attention will also be given to strengthening the management capacities of the provinces, particularly

considering the process of decentralization already initiated by the Central Government. UNDP cooperation will also support the privatization and restructuring of public enterprises.

10. UNDP cooperation will also be oriented towards the eradication of critical poverty with special emphasis on those strata of the population most negatively affected by the structural adjustment policies at present under implementation. Efforts will be made to mobilize resources, especially for improving the conditions for employment and income generation, as well as health, education and housing.

11. It should be emphasized that UNDP's activities in each of the three priority themes will all contribute to the overriding themes of human development and strengthening of national capabilities. As such, the fifth country programme for Argentina will favour processes entailing decentralization at the provincial and local levels, grass-roots participation, gender equality, ownership through promotion of small and medium-scale enterprises and improvement of social conditions.

12. Also, as an inter-sectoral concern, UNDP cooperation will give particular importance to actions related to environment, women and technical cooperation among developing countries (TCDC). Hence, the UNDP-assisted activities for Argentina will reflect the thematic priorities established by Governing Council decision 90/34.

13. The resources available for the implementation of the fifth country programme for Argentina are estimated at $96 million, of which the IPF accounts for $9,455,000 and cost-sharing resources will be mobilized in the proportion of 9:1 to the IPF-allocation. These resources will be allocated among the priority areas as follows: (a) economic growth, 31 per cent; (b) public sector management, 28 per cent; and (c) poverty and social conditions, 31 per cent.

III. MANAGEMENT OF COUNTRY PROGRAMME IMPLEMENTATION

14. National execution will be the main execution modality with the necessary support from the specialized United Nations agencies as well as the Office of Project Services (OPS), particularly for the execution of high-level technical components and the provision of external inputs.

15. The projects will be approved once prerequisites and previous conditions are fulfilled in order to avoid delays and minimize reprogramming of activities. Special efforts will be made to ensure that cost-sharing contributions are made in accordance with agreed payment schedules.

16. Monitoring, in-depth project evaluations and impact evaluation at the programme level will be jointly conducted with the Government to ensure satisfactory performance. A mid-term review will be carried out in 1994 to confirm the continued relevance of the Programme and to introduce any adjustments that may be required.

IV. RECOMMENDATION OF THE ADMINISTRATOR

17. The observations made in the present note reflect the Administrator's belief that the fifth country programme for Argentina is relevant in its support to the country's main development priorities; is the result of a consensus between the Government and UNDP and, has the Government's full support to make its implementation possible.

18. For these reasons, the Administrator recommends that the Governing Council approve the fifth country programme for Argentina.